

NEW APPLICATION

BEFORE THE ARIZONA CORPORATION COMMISSION

COMMISSIONERS

ROBERT "BOB" BURNS - Chairman
BOYD DUNN
SANDRA D. KENNEDY
JUSTIN OLSON
LEA MÁRQUEZ PETERSON

In the matter of:

WILLIAM MELVIN HAWKINS a.k.a. MEL
HAWKINS (CRD# 831356),BIOMED PHARMA GROUP, INC., a
Panama corporation,

Respondents.

DOCKET NO. S-21091A-19-0332

**NOTICE OF OPPORTUNITY FOR HEARING
REGARDING PROPOSED ORDER TO
CEASE AND DESIST, ORDER FOR
RESTITUTION, AND ORDER FOR
ADMINISTRATIVE PENALTIES**

NOTICE: EACH RESPONDENT HAS 10 DAYS TO REQUEST A HEARING**EACH RESPONDENT HAS 30 DAYS TO FILE AN ANSWER**

The Securities Division ("Division") of the Arizona Corporation Commission ("Commission") alleges that respondents William Melvin Hawkins and Biomed Pharma Group, Inc. have engaged in acts, practices, and transactions that constitute violations of the Securities Act of Arizona, A.R.S. § 44-1801 *et seq.* ("Securities Act").

I.**JURISDICTION**

1. The Commission has jurisdiction over this matter pursuant to Article XV of the Arizona Constitution and the Securities Act.

II.**RESPONDENTS**

2. William Melvin Hawkins ("Hawkins") has been a resident of Arizona at all relevant times.

1 3. From approximately October 1984 through December 1994, May 2000 through
2 October 2002, and May 2003 through September 2005, Hawkins was registered with the Commission
3 as a securities salesman in association with various securities dealers.

4 4. On February 1, 2007, the Commission issued an Order to Cease and Desist, Order of
5 Restitution, Order of Revocation, Order for Administrative Penalties, and Consent to Same ("Consent
6 Order") in the matter of William Melvin Hawkins and Meta Funding, LLC, Docket No. S-20470A-06-
7 0531.

8 5. In the Consent Order, the Commission found that Hawkins violated the Securities Act
9 by selling unregistered securities in exchange for \$1,825,759.

10 6. Pursuant to the Consent Order, the Commission:

- 11 a) Ordered Hawkins to cease and desist from violating the Securities Act;
- 12 b) Revoked Hawkins' salesman registration;
- 13 c) Ordered Hawkins to pay \$1,284,900 in restitution and \$25,000 in
14 administrative penalties;
- 15 d) Ordered Hawkins to refrain from selling securities in or from Arizona unless
16 both he and the securities were registered with the Commission; and
- 17 e) Ordered that Hawkins could not exercise any control over an entity that offers
18 or sells securities within or from Arizona, until he had fully paid the restitution
19 and penalties imposed by the Consent Order.

20 7. As of the date of this Notice, Hawkins has paid only \$128,666.82 of the restitution and
21 penalties ordered by the Commission in the Consent Order.

22 8. Hawkins has not been registered or licensed with the Commission in any capacity since
23 his registration was revoked.

24 9. Upon information and belief, Biomed Pharma Group, Inc. ("Biomed") is a corporation
25 organized under the laws of the country of Panama in 2008.

26 10. Biomed has never been registered or licensed with the Commission in any capacity.

1 11. Upon information and belief, Hawkins was a founder of Biomed and was a principal of
2 Biomed at all relevant times.

3 12. Hawkins and Biomed may be referred to collectively as "Respondents."

4 **III.**

5 **FACTS**

6 13. From in or around April 2014 to March 2015, Hawkins and Biomed offered and sold
7 securities in the form of shares of Biomed stock to at least one investor in exchange for at least
8 \$283,630.

9 14. In February 2013, Hawkins began speaking with the investor at the funeral of the
10 investor's mother.

11 15. Following the funeral, Hawkins and the investor continued to talk. At one point,
12 Hawkins told the investor that he was working with a company in Panama that was going to
13 produce human growth hormone.

14 16. Hawkins also told the investor that he had invested in the company, Biomed Pharma
15 Group, Inc., and that his friends and family had also invested.

16 17. Hawkins told the investor that Biomed still needed more investors.

17 18. Hawkins also told the investor that the return from Biomed's sale of human growth
18 hormone would be "ridiculous" and would make enough for her to recoup her investment money
19 and receive a percentage of sales while retaining her ownership stake.

20 19. On April 14, 2014, the investor entered into an "Investment Agreement" with
21 Biomed whereby she agreed to invest \$325,000 in exchange for 6,957 shares of Biomed common
22 stock.

23 20. Other than the voting rights associated with her shares of stock, the investor had no
24 ability to control or manage the operations of Biomed.

1 21. The Investment Agreement was accompanied by an Addendum which stated, "The
2 purpose of this Addendum is to attempt to provide [the investor] an additional degree of security in
3 regard to the funds she is expending to purchase Biomed stock."

4 22. The Addendum specified that the investor would make an initial payment of
5 \$165,000, and a second payment at the discretion of Hawkins after the first payment had been
6 "exhausted."

7 23. The Addendum also stated, "Mel Hawkins, principal of Biomed, also commits to
8 make a best efforts [sic] to repay [the investor] personally if liquidation of Biomed assets do [sic]
9 not provide a full restitution to her of the dollars she has invested."

10 24. The Investment Agreement and Addendum were both executed by Hawkins on
11 behalf of Biomed.

12 25. Respondents did not tell the investor that the Investment Agreement violated
13 Hawkins' Consent Order because:

14 a) Hawkins was prohibited from exercising any control over a company that
15 offered or sold securities within or from Arizona; and

16 b) Hawkins was prohibited from selling securities in Arizona unless he or the
17 securities were registered or exempt from registration.

18 26. Respondents also did not tell the investor that Hawkins' ability to repay the investor
19 could be affected by the more than \$1,000,000 in restitution he still owed at the time the Addendum
20 was executed.

21 27. Between April 14, 2014, and June 25, 2014, the investor invested a total of \$165,000
22 in Biomed by wiring funds to its bank account in Panama.

23 28. The investor continued to invest in Biomed through March 2015, investing a total of
24 \$283,630.

25 29. As of the date of this Notice, Hawkins has returned only \$40,000 of the investor's
26 money.

IV.

VIOLATION OF A.R.S. § 44-1841

(Offer or Sale of Unregistered Securities)

30. From on or about April 2014, Respondents offered or sold securities in the form of stock within or from Arizona.

31. The securities referred to above were not registered pursuant to Articles 6 or 7 of the Securities Act.

32. This conduct violates A.R.S. § 44-1841.

V.

VIOLATION OF A.R.S. § 44-1842

(Transactions by Unregistered Dealers or Salesmen)

33. Respondents offered or sold securities within or from Arizona while not registered as dealers or salesmen pursuant to Article 9 of the Securities Act.

34. This conduct violates A.R.S. § 44-1842.

VI.

VIOLATION OF A.R.S. § 44-1991

(Fraud in Connection with the Offer or Sale of Securities)

35. In connection with the offer or sale of securities within or from Arizona, Respondents directly or indirectly: (i) employed a device, scheme, or artifice to defraud; (ii) made untrue statements of material fact or omitted to state material facts that were necessary in order to make the statements made not misleading in light of the circumstances under which they were made; or (iii) engaged in transactions, practices, or courses of business that operated or would operate as a fraud or deceit upon offerees and investors. Respondents' conduct includes, but is not limited to, the following:

- a) Respondents represented Hawkins as a principal of Biomed to the investor, but did not tell the investor that Hawkins was prohibited from acting as a principal

of Biomed because it was offering and selling securities within or from Arizona;

- b) Hawkins offered and sold Biomed stock to the investor, but did not tell the investor that he was prohibited from doing so by the Consent Order; and
- c) Respondents represented to the investor that Hawkins would repay her on a best efforts basis if a liquidation of Biomed failed to fully repay her investment, but did not tell her that Hawkins owed over \$1,000,000 in restitution at the time.

36. This conduct violates A.R.S. § 44-1991.

VII.

REQUESTED RELIEF

The Division requests that the Commission grant the following relief:

- 1. Order Respondents to permanently cease and desist from violating the Securities Act pursuant to A.R.S. § 44-2032;
- 2. Order Respondents to take affirmative action to correct the conditions resulting from Respondents' acts, practices, or transactions, including a requirement to make restitution pursuant to A.R.S. § 44-2032;
- 3. Order Respondents to pay the state of Arizona administrative penalties of up to five thousand dollars (\$5,000) for each violation of the Securities Act, pursuant to A.R.S. § 44-2036;
- 4. Order that Respondent and Respondent Spouse be subject to any order of restitution, rescission, administrative penalties, or other appropriate affirmative action.
- 5. Order any other relief that the Commission deems appropriate.

VIII.

HEARING OPPORTUNITY

Each respondent may request a hearing pursuant to A.R.S. § 44-1972 and A.A.C. R14-4-306.

If a Respondent requests a hearing, the requesting respondent must also answer this Notice. A

1 request for hearing must be in writing and received by the Commission within 10 business days after
2 service of this Notice of Opportunity for Hearing. The requesting respondent must deliver or mail the
3 request to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
4 85007. Filing instructions may be obtained from Docket Control by calling (602) 542-3477 or on the
5 Commission's Internet web site at <http://www.azcc.gov/divisions/hearings/docket.asp>.

6 If a request for a hearing is timely made, the Commission shall schedule the hearing to begin
7 20 to 60 days from the receipt of the request unless otherwise provided by law, stipulated by the
8 parties, or ordered by the Commission. If a request for a hearing is not timely made the Commission
9 may, without a hearing, enter an order granting the relief requested by the Division in this Notice of
10 Opportunity for Hearing.

11 Persons with a disability may request a reasonable accommodation such as a sign language
12 interpreter, as well as request this document in an alternative format, by contacting Kacie Cannon,
13 ADA Coordinator, voice phone number (602) 542-3931, e-mail kcannon@azcc.gov. Requests
14 should be made as early as possible to allow time to arrange the accommodation. Additional
15 information about the administrative action procedure may be found at
16 <http://www.azcc.gov/divisions/securities/enforcement/AdministrativeProcedure.asp>.

17 IX.

18 ANSWER REQUIREMENT

19 Pursuant to A.A.C. R14-4-305, if a Respondent or a Respondent Spouse requests a hearing,
20 the requesting respondent must deliver or mail an Answer to this Notice of Opportunity for Hearing
21 to Docket Control, Arizona Corporation Commission, 1200 W. Washington, Phoenix, Arizona
22 85007, within 30 calendar days after the date of service of this Notice. Filing instructions may be
23 obtained from Docket Control by calling (602) 542-3477 or on the Commission's Internet web site
24 at <http://www.azcc.gov/divisions/hearings/docket.asp>.

25 Additionally, the answering respondent must serve the Answer upon the Division. Pursuant
26 to A.A.C. R14-4-303, service upon the Division may be made by mailing or by hand-delivering a

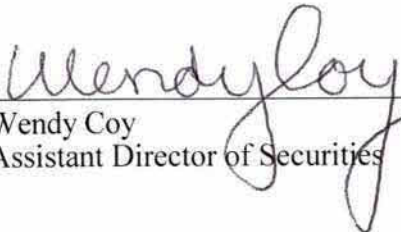
1 copy of the Answer to the Division at 1300 West Washington, 3rd Floor, Phoenix, Arizona, 85007,
2 addressed to Chris Nichols.

3 The Answer shall contain an admission or denial of each allegation in this Notice and the
4 original signature of the answering respondent or respondent's attorney. A statement of a lack of
5 sufficient knowledge or information shall be considered a denial of an allegation. An allegation not
6 denied shall be considered admitted.

7 When the answering respondent intends in good faith to deny only a part or a qualification
8 of an allegation, the respondent shall specify that part or qualification of the allegation and shall
9 admit the remainder. Respondent waives any affirmative defense not raised in the Answer.

10 The officer presiding over the hearing may grant relief from the requirement to file an
11 Answer for good cause shown.

12 Dated this 31st day of December, 2019.

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15 Wendy Coy
16 Assistant Director of Securities
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